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THE CHINA UNIONPAY WAY: WHY BANK CARD CROSS-BORDER TRANSACTION DISPUTE RESOLUTION IS DIFFICULT

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Abstract

With the increasing number of cross-border transactions (CBT) that are facilitated by China UnionPay (CUP), international cardholder disputes are receiving more attention. However, according to a recently released internal statistic report, only a very small fraction was satisfactorily resolved from the cardholders' perspective. Unresolved disputes not only bring unavoidable financial loss to the cardholders, but have significant implications for CUP's efforts in promoting CUP-enabled CBT in international environments. Using a case study approach with semi-structured interviews, we present a conceptual framework for CBT Dispute Resolution. The conceptual framework specifies possible determinants and their relationships, and proposes that CUP's weakness in its international presence, influence, governance, and relationships results in a high level of unresolved disputes.

Keywords: China UnionPay, Cross-border transactions, social network theory, content analysis, case study.

1 INTRODUCTION

Ever since the launch of the China UnionPay (CUP) scheme, the volume of bank-card cross-border transactions (CBT) via CUP continues to soar due to its global marketing programme. According to figures released by CUP, its CBT spans more than 150 countries and regions with 26 million vendors worldwide (China UnionPay, 2015a). A similar trend has been witnessed in its transactions, during the 2015 Spring Festival – a key cultural event involving the gift-giving of money, the amount of CBT rose more than 50% compared to the previous year (Wu, 2015) and even increased by 36% for the National Day Holidays (China UnionPay, 2015b).

However, disputes for CBT have increased as well with a comparatively low rate for satisfactory dispute claims¹. These unsatisfied disputes directly cause considerable financial losses for cardholders and tarnish the issuers and CUP's image. This is a significant problem given CUP's popularity and promotional endeavours. This phenomenon is more obvious for city commercial banks, which represent one type of bank in China's three-pillar banking system. Unlike the state-holding bank (i.e. Industry and Commercial Bank of China, and China Construction Bank) and the joint-stock commercial bank (i.e. China Merchant Bank, and China Everbright Bank) which have much higher net worth in assets and a more expansive network coverage, more established infrastructure, and richer experience in operation, the city commercial bank is generally smaller in scale, localised and perceived less efficient in management (Martin, 2012). Being another main provider of CUP bank card issues, the city commercial banks inevitably have to deal with the increasing CBT disputes as its Chinese customers are increasingly travelling abroad with CUP bank card payments due to its convenience, increasing worldwide acceptance and low cost (Goldman Sachs, 2015).

This worrying trend has therefore sparked a barrage of attention from the banking sector as banks set up their own dedicated department/divisions to tackle CBT disputes with the CUP international operations entities. However, regardless of this significant phenomena, there is frustratingly little scholarly systematic exploration for satisfactory and effective cardholder protection. This may be due to the majority of research into bank card transaction dispute focus on the banking systems and legal issues for how it arises and how it can be solved. Few studies have been initiated to examine the possible factors that affect dispute resolution particularly in the international domain. Regardless of the low rate of CBT dispute resolution, there are no visible efforts by CUP to rectify this matter. We thus have a strong interest in understanding why tackling CBT dispute is difficult.

However, we have not possessed adequate detailed information about the situation of CBT dispute processing governance as well as what factors may affect its actual resolution in its industry practice. Considering this insufficiency, we aim at mapping out the conceptual model of the phenomenon from an academia perspective. Taking a single case study as a first step, we set out the research questions concisely but profoundly: (1) generally what factors affect the CBT dispute resolution; and (2) specifically how do they affect it.

The article is organised as follows: we examine existing literature in Section Two, where the backdrop of the phenomenon and the theoretical framework are briefly introduced. Then the research method is presented in the Section Three. We summarise our findings in the next section, and conclude this research with limitations and future work after the discussion.

2 LITERATURE REVIEW AND THEORETICAL FRAMEWORK

China's banking industry has undergone through a series of transformations after the 2000s, which shapes its overall landscape. The establishment of China UnionPay (CUP) and of the three-pillar banking sector are both amongst the seismic shifts towards a more competitive Chinese financial market

¹ As indicated by an internal report from our targeted bank

(Reynolds, 2014). As the only domestic bank card organization in the mainland China, CUP, which was founded in 2002, is the official Association for China's banking card industry, and operates under the approval of the central bank of China – People's Bank of China (Burck, 2005). It is also the only interbank network in mainland China, linking the ATMs of all banks.

CUP cards can be used in more than 150 countries and regions globally, making it the second largest payment network by value of transactions processed, next only to Visa (China UnionPay, 2015a). Some CUP credit cards are jointly affiliated with American Express, MasterCard or Visa, and they can be used abroad either via CUP or other franchisor's payment switch. But given the fact that CUP has much lower international processing fee and currency conversion fee, Chinese customers are more willing to use it for CBT purpose overseas (Wang, 2011).

Together with state-holding banks (SHB), and joint-stock commercial banks (JSCB), the city commercial banks (CCB) are one of the main issuers of CUP bank cards and promote CUP-enabled CBT. Emerging in 1995, CCBs were firstly set up in 35 medium/large-sized cities by merging local urban credit cooperatives, rural credit cooperatives and local financial service institutions (KPMG, 2012). More CCBs were established in almost every major city throughout mainland China thereafter, making themselves a key part in providing local financial service. Compared to their national wide service network of SHB and JSCB, CCBs by regulations are only able to render relevant service in their own administrative regions and in some cases neighbouring regions. A typical CCB therefore is much smaller than a bank in the other two types in terms of total asset value and structure, and generally less experienced in banking governance (Credit Suisse, 2012). This means that the simplified operation structure of CCB is able to rule out other managerial factors that are less connected but may complicate our research scenario. We thus believe that CCB offers a thought-provoking window into CBT disputes that are dynamic in nature but inadequately understood in theory.

Few research so far has been conducted to examine bank card transaction disputes, which is generally viewed as sporadic and patchy. Extant research addressing this concern is generally conducted from either a legal or technical perspective. While the former focuses on the legal system and/or customer protection regulations that a customer utilise (Fang, 2014; Morris & Korosec, 2005), the latter concentrates on the processing systems where disputes physically occur (Chen, 2012). These attempts do shed light on how banks can avoid disputes (i.e. system re-configuration and upgrade) and how customers can solve the problem (i.e. legal protection), but before jumping to the solution to these disputes, they ignore the fact that we do not possess adequate understanding on what affects the dispute resolution, suggesting their research failed to explain the nature of this phenomenon.

Furthermore, generally there are three typical types of disputes: (1) due to processing error; (2) due to fraudulent usage; and (3) due to ignorance/negligence of the customer (China UnionPay, 2011). The nature of handling each dispute is different, but previous research did not differentiate the type and put all disputes into a single discussion. This is to say the practicability of their outcomes is limited. In contrast, our study here is only on the first type. In addition, with CBT becoming increasing popular, the findings from previous research, which only relates to domestic disputes, cannot be directly used in the international context – an understudied area. More importantly, whenever dispute is concerned, we would argue that at least several parties (i.e. cardholder, issuer, acquirer, franchisor, etc.) are involved. While cardholder refers to the person who holds and uses the card in the payment, the issuer relates the bank or company who issues the payment card to the cardholder and the acquirer the bank or company who acquires and settles the payment transaction to the merchant in paying funds to the merchant and claims back such from the issuer. The franchisor is about the cleaning system and party who will pay the issuer and acquirer on a net settlement on the transactions (Slawsky & Zafar, 2005). It suggests the previously employed methods and theories, which are linear in nature, are not able to fully reveal the core of this issue.

In order to address the issue with multiple players who constantly interact with each other, we chose the Social Network Theory (SNT) as the theoretical framework, through which the research questions are examined and discussed. SNT posits that social context can influence the motives and behaviours of

subjects (actors) and that organisations are socially constructed and are influenced by the characteristics and motives of all actors (BarNir & Smith, 2002; Pitt et al., 2006; Shaw, 2006). In SNT, actors are embedded in a social context and considers social structure, the existence and type of relations, and the strength of relations known as social ties (BarNir & Smith, 2002). An actor's ties with another actor can vary on a continuum from strong (e.g. friends and/or those with frequent interactions) to weak (e.g. acquaintances).

SNT advocates looking at three aspects of relationships between actors in a network (Hoang & Antoncic, 2003): (1) the content of the relationship, which can take such forms as information and advice, emotional support, know-how and business exchanges, as well as reputation elements; (2) the governance of the network, which includes trust between actors, power and influence, and threats of exclusion or loss of reputation, which in turn influence the richness and depth of the exchange between actors; and (3) the patterns of relationships between/among actors, which can include the size of the network, the extent to which actors can access links beyond their immediate contacts via the network, the type of relationship (e.g. friend, family, business, social versus economic, close versus distant), the frequency of interaction, and the duration of the relationship.

Given that SNT supports the analysis of network at various levels from different perspectives, and describes the nature of relationship that exist and the dimensions on which these relationships may influence the outcome (Pitt et al., 2006), it provides a useful contribution to understanding the understudied but complex phenomenon. We therefore utilise SNT in an attempt to work out the conceptual model and possible determinants that affect the CBT dispute resolution with a focus on the configurations of technical, managerial, and social factors.

3 METHODOLOGY

3.1 Method

Considering the phenomenon of rising CBT disputes via CUP in a city commercial bank context is understudied from a social network theoretical perspective, we utilise qualitative methods within an interpretive case study approach (Myers & Newman, 2007). Qualitative research is designed to help researchers understand people and the social and cultural contexts within which they live (Myers & Avison, 1997). Specifically, in our research, it allows us to understand what social factors affect CBT resolution, and how they affect it.

We follow a single case study method for two reasons. First, as we aim to examine a specific type of dispute (CBT dispute via CUP) in order to boundary our analysis for increasing the rigour and precision of our conceptual framework and proposed recommendations. At this stage, in view of the nascent nature of the constructs we intend to investigate, the scope would be excessively large if we were to pursue comparison of several dispute cases. Keeping to one organisation also allows us to a replicable case study protocol for reliability (Yin, 2013). Secondly, a key issue with social network theory based research is the problem of delineating the case site. As we intend to look at the diverse factors of CBT disputes, it makes sense for us focus our research to one case for practicality.

We follow “between-method” triangulation by conducting semi-structured interviews and content analysis of secondary documents (Jick, 1979). Secondary documents refer to relevant documents in the subject bank, such as case report and meeting minutes, and external documents, such as correspondence between the customer and the banks. We collected data from a major Chinese city commercial bank, the issuer (C-bank hereinafter); as a market leader, the target bank has the most extensive business network in its administrative region with the volume of CBT ranking top 5 amongst 144 CCBs².

² As indicated by an internal report from our targeted bank

3.2 Case Study Background

The cardholder – C-bank's customer (Mr. B, hereinafter), a gold-card member, has been its active user since 2009, and he has utilised various C-bank's products very often, such as internet banking, mobile banking, wealth management service. Due to the nature of his occupation, he conducts frequent business trips to several countries, where he always uses C-bank's CUP credit card and debit card for payments and cash withdrawals.

In October 2015, when withdrawing \$1200 cash notes from the ATM of a CUP-supported local acquirer (A-bank, hereinafter) in Australia, he encountered an unexpected system failure, which resulted in the cash notes not dispensed but the same withdrawal amount deducted from his account when he subsequently checked on his account balance. When he called A-bank immediately, he was advised that he must contact the call centre of C-bank to formally lodge a dispute and provide full details of the case as required. He followed the instructions, and C-bank noted all the details and advised him the dispute claim would be worked on within 15 days.

In an effort to settle the case before his imminent departure back to China, Mr. B visited the A-bank's branch where the faulty ATM was located, but was given inaccurate and incorrect information. Then he emailed A-bank's customer services team and local Financial Ombudsman Service (FOS) several times to seek further help in his effort to get expeditious resolution, which also turned out to be disappointing and frustrating.

After 15 days, he was advised by C-bank that in a reply to its enquiry request, A-bank declined the dispute claim because "the transaction was conducted successfully". At Mr. B's request, C-bank further sent A-bank a retrieval request, a higher level dispute resolution request than enquiry request, in which the A-bank "must" present the supporting evidence for the "successful" transaction as it claimed; the response for the retrieval request is supposed to be delivered in 30 days. Mr. B continuously attempted to communicate with A-bank, requesting it to respond to C-bank's request promptly. However, a staff from A-bank service team again turned him down, suggesting "he should contact C-bank."

As a result, Mr. B postponed his return flight and stayed at Australia for additional period to handle this issue while waiting anxiously for the outcome. Considering Mr. B's circumstance, C-bank coordinated with CUP and CUP local representative office in Australia, and requested CUP to contact A-bank for a speedy response. After almost one-month waiting, A-bank eventually confirmed to C-bank that it will refund the faulty transaction to Mr. B's account. Mr. B's experience became the very few cases in C-bank where the dispute was successfully resolved which hypothetically may be due to his persistent on-site pressure on A-Bank in person, which typically may not be possible for a travelling visitor, and thus resulting in low resolution rate for such disputes.

We chose this case for our research was out of the following reasons: (1) the cardholder is an experienced user, who has been using various products/service of different banks domestically and internationally. It suggests that he knew how to make relevant claim to the bank via appropriate means and channels in due course. In addition, being an international frequent business traveller, Mr. B is fluent in English and Chinese thus we believe his could communicate effectively with the bi-country parties involved. (2) Particularly in this case, in order to resolve the dispute, he utilised all possible methods, such as contacting issuer, contacting acquirer, contacting franchisor, requesting for arbitration, which presents to us the whole picture of the case to be examined. (3) His persistence and continuous pursuit for a satisfactory resolution with both A-Bank and C-Bank, indirectly puts a pressure or incentive to resolve the case expeditiously and correctly could have influence or changed the behaviour of the two banks or its employee handling the case, unlike other cases which may have been left to take its own course at the discretion of the two other parties involved. Darke et al. (1998) recommend the choice of this representative case for research.

3.3 Data analysis

Data was gathered from the following documents: correspondence (emails, and calls) between cardholder and issuer, cardholder and acquirer, cardholder and franchisor, cardholder and arbitrator; unclassified correspondence between issuer and franchisor; and unclassified documents (working report, minutes, and daily memo) from Bank Card Department (BCD) of issuer. Additional data was collected through semi-structured interviews with cardholder and some staff at issuer's BCD.

Aiming at understanding what factors affect the resolution of CUP's CBT, we utilise a content analysis approach to delve deeper into the data. Content analysis is "a research technique for making replicable and valid references from data to their contexts (Krippendorff, 2012)". The researcher searches for structures and patterned regularities in the text and makes inferences on the basis of these regularities. It connects patterned regularities of replicable and valid references to the data from its context (Myers & Newman, 2007).

The underlying principle for content analysis is that many words of a text can be classified into many fewer content groups, where each group contains certain similar words or phrases, and that these groups can be compared analytically (Jun & Cai, 2001). It therefore enables us to establish the specific context for enquiry, thus paving the way to a richer construction of social-technical realm that a traditional method may not be aware of.

We utilized Nvivo qualitative data analysis software to code all texts from documentations and the interviews as soon as the data was being collected. During the first round of data coding, we assigned descriptive codes to these documents as well as interviews related, which yielded an initial result with the main themes that facilitated the comparison of topics across data source. After this round, we began an iterative process, moving back and forth between data and theory to capture what we had identified as the most empirically grounded and theoretically interesting factors relating to the CBT dispute resolution.

4 FINDINGS

The survey and interview data have revealed some illuminating findings, and will help us better understand the issues surrounding CUP CBT dispute resolution and its affecting factors.

- Finding 1: CUP-enabled CBT engagement and governance has its limitations

Despite the fact that CUP-enabled CBT is increasing rapidly in both value and volume, the engagement with CUP for overseas organisations remains limited. In the response to Mr. B's enquiry, both A-bank and FOC wrote: "it also advised that C-bank had initially submitted an incorrect request to A-bank..." However, a staff member at BCD of C-bank suggested in the interview that "there is only one type of enquiry request within CUP framework regarding this situation, and thus it cannot be wrong", which is confirmed by CUP thereafter.

Moreover, C-bank previously advised Mr. B that "in order to facilitate your case, you may want to directly contact the specialist at A-bank for CUP CBT issues as by regulation the CUP acquirer must have at least one staff for relevant issue". Nonetheless, Mr. B said that "A-bank seemed not know there should be a specialist in its own organisation for CUP CBT as it replied that 'we are not aware of this issue'". It is concluded that in spite of fast growth of CUP business globally, the discrepancy of knowledge for CUP CBT between the customers and issuing banks, and the acquiring banks is evident, which is echoed by the staff from both C-bank and CUP, who admitted that "the engagement with CUP-enabled CBT should be enhanced worldwide".

A staff from C-bank further advised "the CUP engagement includes its international infrastructure, such as CUP systems, and its background technology support of its international transactions, such as enquiry and retrieval requests, which are different from other franchisors". In this sense, the CUP-enabled CBT engagement, focusing on the technical scope, is generally limited.

- Finding 2: CUP's ability to influence its international partner bank (A-Bank in this case) is insufficient and not effective compared to domestic situations

Mr. B mentioned several times in the interview that "he does not believe that A-bank have had adequate preparedness beforehand for the CBT dispute". The A-bank's branch staff seemed not to even know about CUP and its related CBT, who even provided Mr. B "inaccurate and incorrect" advice. During the call he made to A-bank, one of its staff advised that "the enquiry request from C-bank is wrong", which, however, was proved incorrect as well. Furthermore, another staff from A-bank said "this CBT dispute via CUP is the only case they have ever encountered", which is contradicted with the claim made by a staff from BCD, who suggested "several cases happened before surrounding CBT are related to A-bank". In addition, A-bank's reply to both requests (enquiry and retrieval) that were initiated by C-bank via CUP was not promptly.

Being an international cooperative partner rather than member (i.e. C-bank), A-bank is "not directly controlled by CUP". In other words, the ability of CUP to influence its overseas acquirer over its transaction processing, resolution response, and dispute handling is generally insufficient or at least not as strong and effective as over its domestic members. Furthermore in the international market, technology and transaction processing standards adopted by different banks are far more diversified and non-standard compared to that used in a well-controlled or standardised China domestic market, which makes dispute handling evidence inconsistent and often subjective.

- Finding 3: CUP's governance over the dispute rules and its enforcement is insufficient

In order to market and expand its international business and to maintain a cordial relationship with its local partners, CUP set up a special division – CUP International (CUPI) in 2012 (China Daily, 2012) to deal with relevant issues along with other international business in main cities across the world. Nevertheless, when Mr. B contacted CUP's local office at Australia, he was firstly advised to contact C-bank, and then after he mentioned if there was any other help CUPI may provide, his call was redirected to CUP headquarter in Shanghai China. But in the call to its Shanghai office, the staff from CUP advised Mr. B that he "should contact CUPI's local office in Australia or C-bank". In addition, advised by C-bank, when Mr. B requested CUP to contact A-bank to explain the "incorrect enquiry check" issue, CUP replied that "he should contact C-bank", while C-bank advised he should "contact CUP or CUPI."

These conflicting information provided and back-and-forth futile efforts Mr. B made suggest that the existing state of development of CUP's dispute management is not paced with its rapid growth in its overseas business as its staff do not know either what measures it can take to help customer cope with CBT dispute or how to effectively respond to customer's enquiry regarding the dispute. In this sense, CUP failed to enforce coherent and consistent dispute operating rules across its entire structure. Further it seems that the governance structure and its enforcement is not effective due to either incompetency of staff, inconsistent handling, or weak compliance and enforcement according to governance.

- Finding 4: Regulatory Enablement is lacking

When dispute occurs, relevant regulations will be easily considered and determined if it happens in domestic. For instance, customers may seek help from the China Banking Regulatory Commission, an agency of mainland China authorised by the State Council to regulate the banking sector or perhaps its own consumer protection agency. However the scenario is significantly different if the dispute comes out overseas where cross border legal framework and implement such regulations may be more complex.

In order to address this concern, CUPI was set up. As aforementioned, however, when Mr. B contacted CUP's local office at Australia, he was firstly advised to contact C-bank, and then after he mentioned if there was any other help CUPI may provide locally, his call was re-directed to CUP head-quarter in Shanghai China. Seeking local assistance from local FOS did not work either. In the email replied to Mr. B's enquiry, FOS clearly advised him that "FOS cannot consider the dispute because A-bank has not provided you with a financial service".

It is obvious that it is not easy if not impossible for customer who has to undergo the dispute to directly resort help from relevant supervising body or local regulation. The only available way for both customer and issuing bank is through CUP dispute procedure, which nevertheless as CUP call centre replied “was not legally enforceable but depends on the extent to which the overseas acquirer is cooperate”. As a result, a sound and thoughtful regulatory environment, that is able to facilitate the dispute, will serve as the cornerstone in the process of CBS dispute resolution, which is currently lacking. Such regulatory governance from a country’s regulators may only be effective in the country itself, but will be less effective or challenges for implementation for cross-border unless participating banks are bound legally by participating regulation and terms which are of strong governance and effective enforcement.

- Finding 5: Discrete Ties and Continuous Ties exist

SNT particularly lends support in examining the possible complex relationship(s) between/amongst actors, which can be roughly categorised into two types: the discrete ties and continuous ties. It is summarised from the correspondence between FOS and Mr. B, and A-bank and Mr. B that both external and internal interventions are difficult to obtain because “he is not our/A-bank’s customer”, suggesting the relationship (via business exchange) is weak and discrete. The connection between CUP and A-bank (via business exchange) can be also viewed as discrete since “A-bank is only one acquiring bank of CUP’s numerous overseas supporting organisations.” In contrast, more active interactions were witness between Mr. B and C-bank (via service agreement), and C-bank and CUP (via membership agreement) as the formal agreements were well understood by each actor. The discrete tie, which takes form in business exchange, has indirect governance on each other with less frequent interaction and shorter relationship duration. By contrast, the continuous tie, which is established by agreement, has direct and influential governance with more effective interactions. In this sense, these two different ties in terms of relationship do exist and have influences on the dispute resolution.

5 DISCUSSION

We argue that the conceptual framework for CBT dispute via CUP informed by our exploratory examination through SNT is as follows. Relevant constructs included in the conceptual framework, which emerged from qualitative research undertaken as part of the actors’ interactions, include (CUP’s) Engagement (on international infrastructure and technology support), Influence (over its international partners), Governance (on its dispute rules and enforcement), Regulation, and Relationship (discrete ties and continuous ties) (in Figure 1).

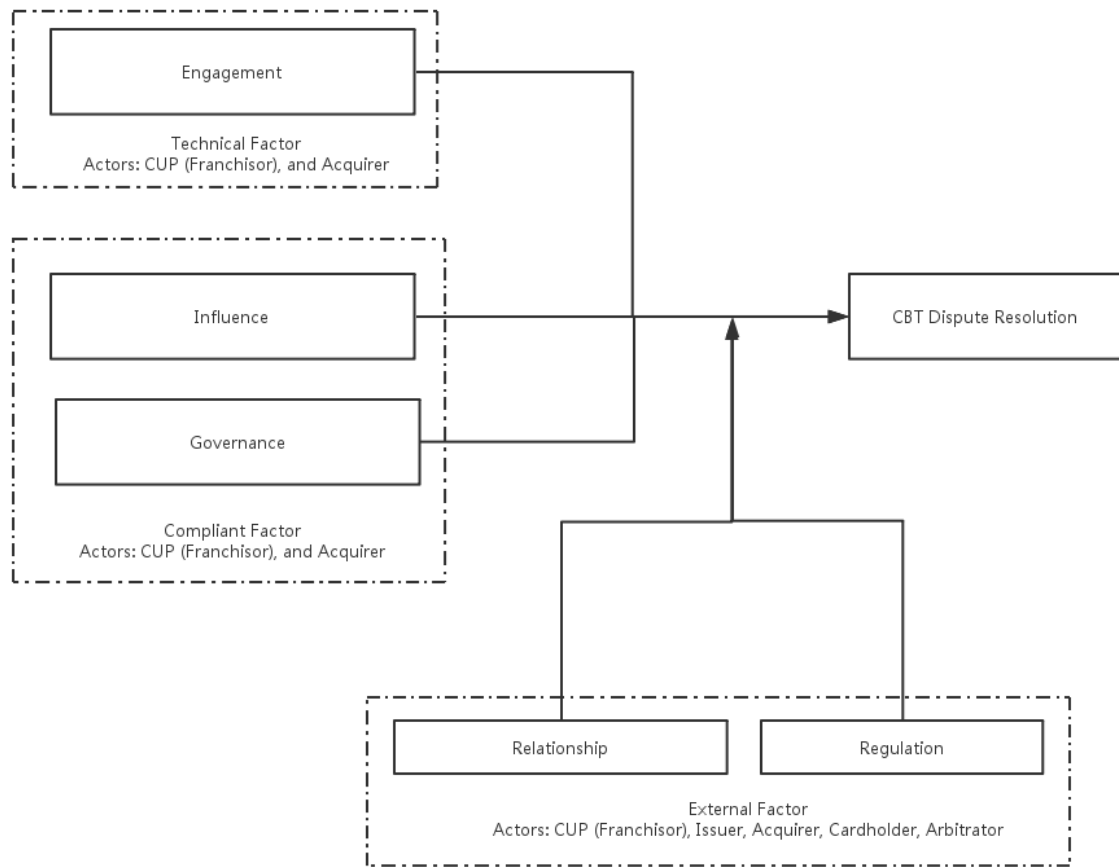


Figure 1. Conceptual framework for CBT dispute resolution

CUP is a latecomer into the international card payment market. While it has the benefit to learn and improve upon the more established Visa and MasterCard operating regulations to the best it can, it has not been successful in emulating inter-member bank effectiveness and reciprocity between issuer and acquirer on cross border governance and dispute resolution.

Specifically, we have found from our research that Engagement, illustrating the CUP global infrastructure scope and extent, is the outcome of the interaction mainly between CUP and international acquirer. CUP's infrastructure is still developing and its technology support is evolving while attempting to gain international acceptance and playing catching up with Visa and MasterCard. The generally undeveloped and lagged state has essentially impaired its controllability on CBT dispute resolution.

Determined by franchisor, and acquirer, Influence on its international partners and Governance over its own dispute operating rules and its enforcement, address the outwards and inwards managerial concerns. CUP's influence on international participating partners and its governance on itself and members are less effective as it fears that too rigid implementation and strict regulations will counter its effort in promoting and expanding acceptance worldwide – a similar situation faced by other domestic brands, such as JCB, Discover, and Diners Club, venturing overseas.

Furthermore, CUP's penetration into the international market is now primarily driven by card acceptance business by international partners acquiring Chinese issuer cards, and as a result less support and balanced attention is given by this group of international acquirers on issuer disputes or enforcement for the largely skewed outgoing Chinese card transaction. In this regard, its regulation objectivity and

processing specifications on issuers disputes and implementation effectiveness is driven one way only mainly by CUP and its Chinese members, such as CCBs, and thus not by its international acquirers, due to the interest of latter-self.

As external factors, Relationship in either discrete or continuous tie and Regulation enabled by arbitrator together reflect the interactions among all interested parties. In some way, Visa and MasterCard started their business as non-profit organisations with a key strategy in maintaining strong and continuous ties with their member banks, thereby enhancing influence on the operating rules and governance development over a longer period. As a result, both issuers and acquirers with CBT participation are well guided with their objectivity and fairness to protect and support the development of both acquiring and issuing business, which CUP has currently not emulated.

In summary, Engagement, Influence, Governance, Relationship in continuous tie, and Regulation have positive direct/indirect influence on the participating organization behaviour resulting in effectiveness of CBT dispute resolution, whereas Relationship in discrete tie has negative indirect influence on the resolution.

As such, the reasons for the state of low CBT dispute resolution are complicated. Technically, CUP international infrastructure and its background technology support of its CBT, especially those of which are different from other franchisors, are limited and less known. This shortcoming prevents the international acquirer from responding to dispute claim in a correct and prompt manner. Speaking from compliant aspect, the lack of adequate influence and governance on the exterior partner and interior division over its operating rules further results in the ineffectiveness and inefficiency of dispute handling. It necessities the need of enforcing its rules from inwards to outwards across the entire organisational structure. Considering external factors that are relevant, relationship in two ties affects the outcome: the continuous ties facilitate the information flows between each actor, while the discrete ties retards the transmission. Apart from that, regulation that can be enabled by arbitrator may also contributes to this affair, which cannot be overlooked.

In other words, the key to the current problem is due to (1) CUP's weaker international presence and governance, which is heavily skewed on outgoing CBT; (2) CUP's weakness in effectively managing the foreign parties to act responsibly and promptly to provide satisfactory resolution to cardholders and operating regulations that are consistently executed across its entire organisation; and (3) CUP's weak relationship with its international partners, mainly playing the acquiring role and not "suffering" as issuing role, who are thus less interested in changing the process or regulations to support satisfactory resolution of issuer disputes.

6 CONCLUSION & FUTURE WORK

6.1 Conclusion

Increasing numbers of customers have chosen CUP bank card overseas because of its convenience and low cost. However, CBT disputes have increased accordingly with a disturbing fact that the rate for successful claim is low. Ensuring the customers' rights and interests is one of the most important duties and commitments for banks; the low resolution rate incurs direct confidence erosion of cardholders in keeping using CUP CBT service while indirectly defiling the reputations for issuers and CUP usability.

Our research work out a conceptual framework needed in understanding this phenomenon by conducting a qualitative case study. The research indicates that three-group factors, which come from technical, compliant, and external aspects, result in the CBT dispute resolution. The implications are twofold. Academically, not only did us take the lead in map out the conceptual framework of CBT dispute resolution, an area that is long-time overlooked but we have also brought up the possible determinates that affect the dispute resolution. In addition, we further explained qualitatively how they affect it. This serves to contribute to the understudied field. Practically, the research sheds light on the strategy that

CUP may adopt to better straighten the low rate of CBT dispute resolution by enhancing its international infrastructure, improving its influence on international partners, and strengthening the governance over its operating rules while taking the influence of relationship and regulation into consideration. It also demonstrate to CUP the deficiency in its core business philosophy that keeping its non-commercial target, such as international acceptance and recognition, abreast of its commercially-centred marketing strategy.

We believe this cause will change and evolve over time and with increasing customer dissatisfaction, which could drive regulatory, organization behaviour or customer behaviour changes. It is important for CUP to take early action to improve on this before there are better payment alternatives are available to customers and drive customer to switch brand.

The research does have some limitations. Firstly, due to the geographic reason, we did not have the opportunity to obtain the data directly from the franchisor – CUP headquarter in Shanghai and the acquirer in Australia through interview but relied on second-source data from them. Secondly, the research was based on one type of dispute – card payment dispute, and it is worth noticing that there are other types, such as fraudulent transaction dispute, processing error dispute. As a result, our research may not be applied to other contexts.

6.2 Future work

This case study yielded preliminary results regarding CBT dispute resolution as it put forward a conceptual framework with five determinants from external perspective in a qualitative research. We expect to find support for each determinant on the outcome during the quantitative phase of future research activities. In addition, we intend to further our research from internal perspective as we wish to know how current CUP regulations cover CBT between issuer, acquirer, merchant, and cardholder and whether this could possibly be the problem for the issue.

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